



DIRK KEMPTHORNE
GOVERNOR

January 9, 2006

Idaho State Legislature
State Capitol Building
PO Box 83720
Boise, Idaho 83720

Dear Legislator:

I am transmitting to you today the *Executive Budget* documents in accordance with 67-3506, *Idaho Code*. My budget proposal includes:

FY 2006 - The FY 2006 General Fund budget recommendation is \$2,224,375,700. In addition to the original appropriation and the HBs 395 and 396 surplus eliminator appropriations that provide an additional 1.0% one-time salary increase, the budget contains:

- \$22,676,900 transfer to the Budget Stabilization Fund (*Idaho Code* 57-814),
- \$63,200,000 transfers for one-time energy assistance payments.
- \$6,796,200 for supplemental costs to provide for early implementation of a permanent 3.0% salary increase for state employees.
- \$750,000 for supplemental costs in the Department of Administration to move agencies out of the Capitol building in preparation for the Capitol renovation.
- \$18,317,100 for supplemental costs in the Department of Health and Welfare, Department of Correction, Catastrophic Health Care Fund, Blind Commission, Special Education, and a negative supplemental in Division of Veteran's Services.
- \$9,385,500 for Fire Suppression, Pest Control, and Emergency Response Deficiency Warrants.

FY 2007 - The FY 2007 General Fund budget recommendation is \$2,309,612,300.

- Revenue includes: \$2,307,602,000 in revenue under existing law, \$7,400,000 in Tax Commission legislative proposals, \$115,972,000 in General Fund carryover from FY 2006, and \$21,300,000 from repayment of the FY 2004 transfer to the Revolving Development Fund (HB 392).

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- Transfer \$67,650,000 to the Permanent Building Fund.
- Transfer \$67,000,000 to the Budget Stabilization Fund.
- \$7,800,000 to expand the Circuit Breaker Property Tax Relief Program.
- \$500,000 for a Property Tax Deferral Program.

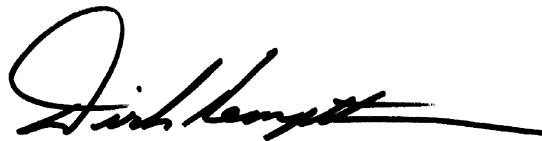
Change in Employee Compensation (CEC)

In accordance with 67-5309B(d), *Idaho Code*, I am also forwarding my own report for CEC. My recommendation for FY 2007 includes:

- Funding of \$2.5 million General Fund for health insurance cost increases and the removal of \$11.9 to reduce balances in the group health and life insurance funds.
- Funding of a FY 2006 supplemental for \$6.8 million General Fund to provide for early implementation of a 3.0% permanent salary increase and related costs provided to state employees based upon performance. The funding provides for 10 pay periods in FY 2006.
- Funding of \$10.5 million General Fund in FY 2007 to provide for the additional 16 pay periods to annualize the 3.0% permanent salary change.
- Funding of \$27 million is provided for public schools employee compensation. The Governor's recommendation includes raising the minimum salary for teachers from \$27,500 to \$30,000.
- The Department of Correction, Department of Juvenile Corrections, and Idaho State Police are provided additional funding to increase the salaries of selected public safety employees.
- Guidance to agency directors to manage their Personnel Cost budget to ensure that salary increases are provided in a manner that best meets the needs of their agency within the resources provided to them.

Additional details are provided to all legislative members and the public in my *Executive Budget* and related documents that are available at <http://dfm.idaho.gov/>. Print versions will be provided upon request.

Very truly yours,



DIRK KEMPTHORNE
Governor

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